



Go to ... [Help](#) | [Logoff](#)

*If FULL TEXT is not available, would you like to locate this item?*

**Search Nugget, the UTEP Library Catalog for this item**

Results of the search for this item in the library catalog will display in a separate browser window.

Use the ALT-TAB keys on your computer keyboard to switch between viewing the library catalog window and this search session.

**Accession Number**

01905850

**Author**

Frischmann, Peter J. Kimmel, Paul D. Warfield, Terry D.

# Title

## Innovation in preferred stock: Current developments and implications for financial reporting.

### Source

Accounting Horizons. 13(3): 201-218. 1999 Sep. [Charts, References]

### Subject Headings

## Studies

### Preferred stock

## Financial reporting

## Trends

### Statistical analysis

## Impact analysis

### Classification Codes

United States [9190]. Experimental, theoretical treatment [9130].

Investment analysis [3400]. Accounting policies &amp; procedures [4120].

### Geographic Location

U.S.

## Abstract

A significant innovation in preferred stock securities issued over the 1003-1996 period is investigated. Trends in preferred stock use which indicate that the introduction of a preferred stock variant, trust preferred securities (TPS), is changing the landscape of corporate balance sheets with an increasing number of companies reporting securities in the "mezzanine" section of the balance sheet are documented. Referred to by many as the "Holy Grail" of financial instruments, TPS are treated as debt for tax purposes, but not for financial reporting or debt-rating purposes. Since their introduction in late 1993, they have quickly become the primary variant of new preferred stock issues, representing the majority of all new issues of preferred stock. This trend in preferred stock issues is documented, the resulting financial reporting effects of the new security are discussed, the motivations for this trend are identified, and a new FASB proposal that addresses these and other redeemable preferred securities are evaluated.

## Full Text

**Headnote:**



Go to ... [Help](#) | [Logoff](#)

*If FULL TEXT is not available, would you like to locate this item?*

Search Nugget, the UTEP Library Catalog for this item

Results of the search for this item in the library catalog will display in a separate browser window.

Use the ALT-TAB keys on your computer keyboard to switch between viewing the library catalog window and this search session.

**Accession Number**

01415848

**Author**

Connolly, Jim.

**Title**

**Preferred securities' staying power seen.**

**Source**

National Underwriter (Life/Health/Financial Services). 101(18): 51. 1997  
May 5.

**Subject Headings**

Life insurance companies

Securities offerings

Preferred stock

Investment products

Trends

**Company Name**

Protective Life Corp (DUNS: 04-103-7219; Ticker: PROT).

**Classification Codes**

United States [9190]. Life & health insurance [8210]. Investment analysis  
[3400].

**Geographic Location**

US.

**Abstract**

The completion of a \$75 million issue of **preferred securities** last week by Protective Life Corp. underscored the strength analysts still see in the market for **preferred securities**. The issue of Trust Originated **Preferred Securities** by Protective Life is to be used to repay debt. The issue of hybrid **securities** which matures in 2027 but is callable after 2002 pays 8.25% interest and a dividend of .5156 cents per quarter.

**Full Text**

The completion of a \$75 million issue of **preferred securities** last week by Protective Life Corp. under scores the strength analysts still see in the market for **preferred securities**.

Since late last year, the appetite for hybrid **preferred securities** has picked up pace and continued unabated. Of the \$12.5 billion of insurers' tax-deductible issues that Moody's has rated, \$8.4 billion or around 70 percent, have been issued, within the last few months, according to a recent Moody's report. The spate of issues has been the result of proposed tax



Go to ... [Help](#) | [Logoff](#)

*If FULL TEXT is not available, would you like to locate this item?*

[Search Nugget, the UTEP Library Catalog for this item](#)

Results of the search for this item in the library catalog will display in a separate browser window.

Use the ALT-TAB keys on your computer keyboard to switch between viewing the library catalog window and this search session.

**Accession Number**

01913534

**Author**

Hingston, Roy.

**Title**

Investing in trust **preferred securities**.

**Source**

America's Community Banker. 8(10): 36-37. 1999 Oct.

**Subject Headings**

Community banks

Bank assets

Return on investment

Interest rate risk

Trusts

Holding companies

**Company Name**

Chase Manhattan Bank (DUNS: 00-698-1815). Citigroup Inc. United Community Bancshares Inc-St Paul MN.

**Classification Codes**

Financial services industry [8100]. Investment analysis [3400]. United States [9190].

**Geographic Location**

US.

**Abstract**

Chase Manhattan has issued a floating-rate trust **preferred** which offers an adjustable rate with the coupon floating quarterly at 3-month LIBOR plus 62.5 basis points. The issue is offered at a discount to yield an effective rate of LIBOR plus 100 basis points. A trust **preferred** security is a hybrid asset with some characteristics of **preferred** stock and some features of a bond. In terms of credit risk, the trust **preferred** security is issued by a holding company, not a bank; and, therefore, it will have credit risk exposure like any corporate bond with similar ratings. From a regulator's point of view, a trust **preferred** security is much like deeply subordinated corporate debt **securities**. Additional scrutiny will be paid to any special features such as calls, extensions, and the potential for deferred dividend or interest payments.

**Full Text**

Looking for higher returns? Willing to do a little due diligence? Consider the possibility of earning a fixed rate of 8 percent or even 9 percent. If you are looking for an adjustable or



Go to ... [Help](#) | [Logoff](#)

*If FULL TEXT is not available, would you like to locate this item?*

[Search Nugget, the UTEP Library Catalog for this item](#)

Results of the search for this item in the library catalog will display in a separate browser window.

Use the ALT-TAB keys on your computer keyboard to switch between viewing the library catalog window and this search session.

**Accession Number**

01755603

**Author**

Howe, John S. Lin, Ji-Chai. Singh, Ajai K.

**Title**

Clientele effects and cross-security market making: Evidence from calls of convertible **preferred securities**.

**Source**

Financial Management. 27(4): 41-52. 1998 Winter. [Charts, Equations, References]

**Subject Headings**

Studies

Convertibles

Asked price

Spread

Stock prices

Rates of return

Effects

Statistical analysis

Conversion

**Classification Codes**

United States [9190]. Experimental, theoretical treatment [9130].

Investment analysis [3400].

**Geographic Location**

US.

**Abstract**

Trading activity, bid-ask spreads, and potential arbitrage opportunities for market makers in the period around conversion-forcing calls of convertible **preferred securities** are examined. An increased turnover in the called convertible **preferred stock**, which is consistent with a clientele effect, is found. A decrease in the average bid-ask spread of the called convertible **preferred** and the underlying common stock is also found. This suggests increased liquidity in the post-announcement period. It is argued that the liquidity improvement is a consequence of profitable cross-security trading opportunities.

**Full Text**

Headnote:



Go to ... [Help](#) | [Logoff](#)

*If FULL TEXT is not available, would you like to locate this item?*

Search Nugget, the UTEP Library Catalog for this item

Results of the search for this item in the library catalog will display in a separate browser window.

Use the ALT-TAB keys on your computer keyboard to switch between viewing the library catalog window and this search session.

**Accession Number**

01216359

**Author**

Crain, John L. Jackson, Gisele.

**Title**

Monthly income **preferred securities**: A new hybrid that combines the best of equity and debt.

**Source**

The Cpa Journal. 66(5): 68-71. 1996 May. [Charts]

**Subject Headings**

Advantages

Disadvantages

Preferred stock

Corporate debt

Many companies

Limited liability companies

Financial planning

**Classification Codes**

Investment analysis [3400]. United States [9190].

**Geographic Location**

US.

**Abstract**

Monthly income **preferred securities** (MIPS) are a new type of security that appears to deliver the best characteristics of both equity and debt, effectively allowing issuers to deduct dividend payments for tax purposes and yet classify the security as equity for financial planning purposes. MIPS are treated as debt for tax purposes and **preferred equity** for financial reporting purposes. Technically, MIPS are shares of **preferred stock** issued by a special purpose foreign or domestic limited life company (LLC). The LLC, in turn, is wholly owned by the US parent corporation. The advantages of MIPS for issuing corporations are obvious. The security combines the traditional benefits attributed to equity capital with the tax-deductible structure normally reserved for debt financing. Though MIPS have many advantages, they do have some negative features. For example, MIPS do not possess the same level of investment security as most corporate bonds. From a creditor standpoint, this simply means that MIPS are generally subordinated to all of the parent corporation's debt, making MIPS more risky.

**Full Text**

U.S. companies are selling a new type of security that appears to deliver the best characteristics



Go to ... [Help](#) | [Logoff](#)

*If FULL TEXT is not available, would you like to locate this item?*

Search Nugget, the UTEP Library Catalog for this item

Results of the search for this item in the library catalog will display in a separate browser window.

Use the ALT-TAB keys on your computer keyboard to switch between viewing the library catalog window and this search session.

**Accession Number**

01041265

**Author**

Pratt, Tom.

**Title**

Wall Street's engineers find **preferred** stock's "Holy Grail".

**Source**

Investment Dealers Digest. (Anniversary Supplement): 44-45. 1995 May 22.

**Subject Headings**

Investment bankers

Preferred stock

Derivatives

Tax benefits

**Company Name**

Goldman Sachs & Co (DUNS: 00-698-4561).

**Classification Codes**

United States [9190]. Investment services [8130]. Investment analysis [3400].

**Geographic Location**

US.

**Abstract**

Over the past decade, the **preferred** stock sector has become one of the most innovative on Wall Street. In 1993, Goldman, Sachs & Co. created the "Holy Grail" of the hybrid market. Goldman's Monthly Income **Preferred Securities** (MIPS) have the tax-deductibility of debt combined with at least some equity credit from the rating agencies. Several variations of the basic fixed-rate MIPS product have already been created: 1. adjustable-rate MIPS, 2. convertible MIPS, and 3. MIPS-type debt issued directly by the parent company.

**Full Text**

Until the early 1980s, the **preferred** stock sector was little more than a sleepy outpost of the capital markets. With a plain-vanilla, fixed-rate product that hadn't changed for decades and an issuer base comprised almost entirely of utilities--who found **preferreds** attractive for regulatory reason--there wasn't much to get excited about.

But over the past decade, the **preferred** sector has become one of the most innovative on Wall Street. "Suddenly, it's the area where--pound for pound--there's more innovation than any other," says Chris Hogg, vp and head of **preferred** marketing and product development at



Go to ... [Help](#) | [Logoff](#)

*If FULL TEXT is not available, would you like to locate this item?*

Search Nugget, the UTEP Library Catalog for this item

Results of the search for this item in the library catalog will display in a separate browser window.

Use the ALT-TAB keys on your computer keyboard to switch between viewing the library catalog window and this search session.

**Accession Number**

01133027

**Author**

Perlmuth, Lyn.

**Title**

Wriggling out of preferred.

**Source**

Institutional Investor. 29(11): 35-36. 1995 Nov. [Charts]

**Subject Headings**

Swap arrangements

Preferred stock

Derivatives

Tax benefits

Debt financing

**Company Name**

RJR Nabisco Holdings Corp (DUNS: 36-061-5868).

**Classification Codes**

United States [9190]. Institutional taxation [4210]. Capital & debt management [3100]. Investment analysis [3400].

**Geographic Location**

US.

**Abstract**

The \$1.25 billion preferred stock exchange by RJR Nabisco Holdings Corp. this summer has paved the way for a spate of such swaps by companies anxious to rid themselves of expensive fixed-rate perpetual preferred stock and replace it with tax-deductible securities. The exchanges allow an issuer to replace costly preferred stock with a security whose interest payments are tax-deductible, unlike preferred dividends. Two different sorts of instruments have been used in exchanges, both offspring of last year's monthly income preferred securities. One version is Merrill Lynch & Co.'s trust-originated preferred securities (Toprs), which has a clone in Goldman, Sachs & Co.'s quarterly income preferred securities (Quips). The other 2nd-generation structure is a straight debt security issued directly by a corporation or through a partnership structure - dubbed quarterly income capital securities (Quics) by Lehman Brothers and quarterly income debt securities (Quids) by Goldman Sachs. The key to any successful exchange is reaching the retail preferred holder and making the swap - which is taxable to the investor - sufficiently attractive.

**Full Text**



Go to ... [Help](#) | [Logoff](#)

*If FULL TEXT is not available, would you like to locate this item?*

Search Nugget, the UTEP Library Catalog for this item

Results of the search for this item in the library catalog will display in a separate browser window.

Use the ALT-TAB keys on your computer keyboard to switch between viewing the library catalog window and this search session.

**Accession Number**

01163360

**Author**

McConville, Daniel J.

**Title**

Trading **preferred** for Mips, Toprs and Quips takes hard marketing.

**Source**

Corporate Cashflow. 17(3): 32,36. 1996 Feb. [Charts]

**Subject Headings**

Corporate finance

Derivatives

Preferred stock

Capital markets

**Classification Codes**

United States [9190]. Investment analysis [3400].

**Geographic Location**

US.

**Abstract**

Swapping **preferred** stock for tax-deductible debt-securities has considerable potential savings. Pulling off such exchanges usually takes some persuasion, since most corporate owners of **preferred** stock are reluctant to part with their shares. Some of the exchange vehicles include: 1. monthly income **preferred securities** (Mips), 2. trust-originated **preferred securities** (Toprs), and 3. quarterly income **preferred securities** (Quips). Important to the success of these exchanges is gauging the proportion of individual versus institutional holders of a company's **preferred**.

**Full Text**

**Preferred** dividends are taxable; interest expense is not. Swap **preferred** stock for tax-deductible debt securities and the potential savings are considerable.

Hence the emergence of exchange vehicles with a bewildering set of acronyms:

\* Mips (monthly income **preferred securities**); \* Toprs (trust-originated **preferred securities**); \* Quips [quarterly income **preferred securities**]; \* Quics (quarterly income capital securities); and \* Quids (quarterly income debt securities).